Assistance to financial institutions

†652. SHRI RAM JETHMALANI:
SHRI RAJIV RANJAN SINGH "LALAN":

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that Government have extended financial assistance to various financial institutions of the country in case of financial crunch faced by them;

(b) if so, the names of the institutions to which financial assistance have been given during 1999-2000, 2000-2001 and 2001-2002 alongwith the amount given; and

(c) the reasons for giving such assistance in each matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) to (c) During the last three years Government have helped IFCI, and IIBI, to overcome their problems relating to capital adequacy etc. as given below:

IFCI

Rs. 400 crores to IFCI by way of investment in twenty years convertible debentures in a cash neutral manner during 2001-2002.

IIBI

Rs. 100 crores were subscribed by the Government in IIBI's 20 years preference Shares in a budget neutral basis in 2000-01.

Effectiveness of FEMA, 2002

653. DR. KARAN SINGH:
DR. AKHILESH DAS:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Foreign Exchange Management Act (FEMA) 2002, which came into force to replace Foreign Exchange Regulation Act, 1973 falls far too short to be effective to curb evils of rampant corruption, hawala

†Original notice of the question was received in Hindi.

business, smuggling of narcotics and other crimes relating to foreign exchange; and

(b) if so, what steps have been taken to ensure that identified culprits indulging in such crimes to destabilise the country's economy, do not get scot free, to the detriment of honest tax payers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N.RAMACHANDRAN) : (a) Foreign Exchange Management Act (FEMA), 1999, which came into force with effect from 1.6.2000, is a Civil Law and does not have provisions of arrest and prosecution. However, to deal with cross border financial transactions relating to proceeds of serious crimes like corruption, smuggling of narcotics and such other offences, the Government is in the process of enacting the Prevention of Money Laundering Act.

In addition, cases of cross border financial transactions in violation of the provisions of the FEMA can be investigated and adjudicated under that Act and penalties up to three times of the amount involved can be imposed and recovered.

(b) The Directorate of Enforcement has been alerted to be more vigilant in this regard.

Frauds by Financial Website Home Trade

654. DR. AKHILESH DAS:
SHRI AIMADUDDIN AHMED KHAN (DURRU):

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether complaints of frauds against the financial website Home Trade and some brokers involving hundreds of crores of rupees have lately been received by the Reserve Bank of India;

(b) if so, the nature and the details of the frauds alleged to have been played, the total amount involved and the outcome of the investigations, if any, made; and

(c) the action taken against those found responsible and the steps taken to protect the interest of the depositors and others who fell victims to the fraud?